
DRAFT

**REGULAR MEETING - MONDAY, JUNE 6, 2011
PLAZA CONFERENCE ROOM AT CITY HALL - 500 CASTRO STREET
6:30 P.M.**

1. CALL TO ORDER

The meeting was called to order by Chair Grossman at 6:30 p.m.

2. ROLL CALL

Committee Members Present: Committee Members Clark, Vanni, Vice Chair Matichak and Chair Grossman

Committee Members Absent: Committee Member Gaines

Staff Present: Linda Lauzze, Administrative and Neighborhood Services Manager, Peter Gilli, Zoning Administrator, Adriana Garefalos, Senior Planner, Sean Gallegos, Planner.

Others Present: NOFA applicants and members of the public.

3. MINUTES APPROVAL

3.1 Approval of Minutes for May 16, 2011

Vice Chair Matichak inquired about page 10, third paragraph of the draft minutes, where it is stated that ROEM strives for LEED certification for all of their properties. Did the applicant specify a particular LEED level?

Derek Allen of ROEM responded that the appropriate LEED certification level will be explored during the project development phase.

Motion – M/S MATICHAK/CLARK – Carried 4-0
Recommend approval of the minutes from the May 16, 2011 NOFA Committee meeting.

4. NOFA PROPOSALS

Senior Planner Garefalos provided a staff presentation regarding the NOFA project goals and housing priorities, the project budgets, additional funding that would be needed for the 4 percent tax credits, availability of federal CDBG/HOME funds and zoning/land use issues. All the proposals meet the NOFA housing priorities and all the proposals, with the exception of Habitat, meet the NOFA project goals. The Habitat typical affordability period is 30 years instead of the 55 years identified as a NOFA project goal. The City could require a longer affordability term if desired. All the projects will go through the City's development and design review process. This will be a similar process for all the projects except the ROEM/Eden proposal which will involve a rezoning and General Plan amendment and the Habitat proposal which will involve having a historic resource assessment prepared and possibly an EIR. The three rental projects will need a density bonus to accommodate the requested number of units.

Senior Planner Garefalos stated that the ROEM/Eden project submitted a revised budget reducing the NOFA funding from \$7.75 million to \$5.65 million because the project qualifies for additional Stanford funds. The three rental projects have developed their budgets according to the tax credit program specifications and the projects should compete well for the 9 percent tax credits. If the 9 percent tax credits cannot be secured, about \$5.9 million in additional funding would be needed for all three rental housing proposals to be funded with the 4 percent tax credits.

Senior Planner Garefalos stated that there are several issues still being worked on and may not be resolved in time for the June 20 meeting. These issues include whether the City's Condominium Conversion Ordinance could be amended to allow the conversion of the Habitat house and still be consistent with the voter initiative. Also, MidPen is still working to secure a purchase option for the Tropicana property and ROEM/Eden is working to obtain a revised appraisal and will need to secure a new purchase option based on the revised appraised value. Due to these outstanding issues, staff is recommending that the Committee delay decision making until the Committee's last meeting on June 27.

Vice Chair Matichak inquired if it is likely all the outstanding items will be completed by the June 27th meeting.

Senior Planner Garefalos commented that additional delays would affect the NOFA schedule and the ability to get the NOFA projects to the Council by October/November 2011.

Administrative and Neighborhood Services Manager Lauzze noted that staff will be in a better position in a week or two to know what information will be available for the June 27 meeting. Some of the outstanding items are out of the control of the applicants, since they are working with property owners who are taking time to consider all their options.

Vice Chair Matichak asked about the list of funding sources provided on page 6 of Attachment 2. The information does not include CDBG/HOME on the list of funding sources for First Community Housing, should it be added?

Senior Planner Garefalos stated that the chart provided under Attachment 2 summarizes what is in the agency's budget in their application. In the staff report there is a staff assessment regarding which projects would be best suited for the federal CDBG/HOME funds.

Administrative and Neighborhood Services Manager Lauzze added that CDBG funding is decided through a separate competitive process that would occur in the spring of 2012.

Vice Chair Matichak commented that it would be helpful to know what funds projects would be eligible for.

Vice Chair Matichak asked who would prepare the parking studies for the projects and how long does it take.

Senior Planner Garefalos responded that an independent consultant would be hired by the City to prepare the parking demand analysis and typically it can be prepared relatively quickly.

Administrative and Neighborhood Services Manager Lauzze added that it typically takes 2-4 months to prepare the parking analysis depending on the complexity of the project. The City has used housing funds in the past to pay for the studies, since it is part of the project cost.

Vice Chair Matichak inquired about the Stanford funds and if this is an unlimited funding source.

Senior Planner Garefalos noted that the Stanford funds are collected on an ongoing basis and earlier this year the fund had a balance of \$8.0 million available.

Vice Chair Matichak asked if it is realistic to assume that all the NOFA projects would get funded with the Stanford funds.

Administrative and Neighborhood Services Manager Lauzze stated that the funds are awarded on a per unit basis and on a first come first serve basis, so there is unpredictability associated with that. The funds are limited to projects within a 6 mile radius of Stanford, so that limits the eligible projects that can apply. If a recommended project did not get Stanford funds, they could come back to the City for more funding.

Committee Member Vanni inquired which project is most secure and ready to move forward.

Senior Planner Garefalos stated that First Community Housing has an executed purchase option and an appraisal and could move forward.

Administrative and Neighborhood Services Manager Lauzze added that there are not as many unresolved issues with that project. After the First Community Housing project the next project ready to move forward would be Habitat because they also have an executed purchase option and an appraisal. These are the items that are missing for the other two projects, although this situation could change by the June 27 meeting.

Committee Member Clark inquired about the Habitat house and what would delay the project.

Senior Planner Garefalos commented that if it is determined that there is no flexibility to change the City's condominium conversion ordinance and if the house is determined to be historic, an EIR would have to be prepared to demolish the house in order to develop ownership housing. This will take more time and adds more complexity to the project.

Administrative and Neighborhood Services Manager Lauzze added that with historic homes, there is usually also the option of moving the house. The interior of this house has been significantly changed, so it is uncertain if anyone would be interested in moving the house, but it is something that could be explored.

Vice Chair Matichak asked if the house has to be demolished or moved, would Habitat still be interested in doing the project? Vice Chair Matichak acknowledged that Habitat staff nodded they would still be interested in the project.

Vice Chair Matichak inquired when the NOFA housing priorities were identified and the context.

Senior Planner Garefalos explained that the housing priorities were identified as part of the process of developing the NOFA. The Council decided to use broad housing priorities instead of more specific types of housing projects, in order to allow for developer creativity and to take advantage of opportunities in the real estate market.

Vice Chair Matichak asked why the senior group home that was recently approved by the City Council did not go through the NOFA process.

Administrative and Neighborhood Services Manager Lauzze stated the senior group home went through the CDBG/HOME funding process because the majority of the funding was from CDBG/HOME. The other consideration for this project was the situation of the single family housing market and the difficulty of getting a long option on a single family home to go through the NOFA process.

Chair Grossman asked staff to summarize the information staff provided by email in response to her questions about the Tropicana Motel and the payment of Transient Occupancy Tax and longer term occupancy tenants.

Senior Planner Garefalos stated that the Tropicana Motel pays Transient Occupancy Tax to the City; however there may be a small number of rooms that are rented to longer term occupants. Under federal relocation requirements, if an individual has resided at a motel for more than 30 days and if they have no other residence, then the motel is considered their primary residence and they would be entitled to relocation benefits. If the MidPen proposal is selected, they will be required to work with the property owner to identify occupants who have resided on the property longer than 30 days and would need to meet with each of these occupants to determine their circumstances.

Vice Chair Matichak inquired about the project schedules and why the ROEM/Eden project, which involves a General Plan Amendment and a rezoning, is shown to be completed first, and would it be possible to get a more realistic estimate of the project timeline.

Senior Planner Garefalos noted that the NOFA applications show the applicants' best estimate regarding when their projects would be completed. The project timeline will be refined as the projects develop.

Committee Member Clark asked about the types of resident services that would be provided and how the services would be provided.

Senior Planner Garefalos explained that typically the tenants are surveyed or there are meetings with the tenants to determine what types of services they are

interested in. Services can range from social events such as pot lucks to building job skills such as computer classes. The services can either be provided by in-house staff or can be contracted to an outside agency.

Committee Member Clark asked if the City gets annual reports regarding the services provided.

Senior Planner Garefalos stated that the City conducts annual on-site monitoring of the properties and the resident services are reviewed at that time.

Vice Chair Matichak asked what the MidPen self scored 9 percent tiebreaker is.

Adhi Nagraj of MidPen stated that the tie breaker score is 73%, based on results of the first round, 2011 tax credit awards.

Committee Member Clark asked what was the basis for the staff comment questioning the demand for the MidPen studios.

Senior Planner Garefalos stated that staff is not familiar with properties that provide exclusively larger studio units that are comparable to one bedroom units. A market study will be done in the future by MidPen that will help address this question.

Committee Member Clark noted that it would be helpful to have some kind of market information sooner.

Committee Member Vanni inquired about the ROEM/Eden retail portion of the project and how that would work.

Andrea Papanastassiou from Eden explained that the retail would be leased and the income from the retail will help offset the residential costs.

Vice Chair Matichak asked about the Habitat financial reports and why they show high legal costs when it is noted that the legal services were provided pro bono.

Jennifer Simmons of Habitat explained that the value of the pro bono legal work is shown in Habitat's financials as both a cost, to account for the value of this work and then it is added back in as an in-kind grant. All legal work was pro bono.

Vice Chair Matichak noted that in general, it appears that loan paybacks from the NOFA proposals would be very small. She inquired if the paybacks would increase in future years.

Senior Planner Garefalos commented that the estimated loan payback amounts become more unreliable after the first 15 years. Most tax credit projects get refinanced after 15 years and the financial structure can look very different in future years. In general it is unusual to get a large payback for affordable, smaller unit developments because the rents are very low.

Chair Grossman commented that she would like some feedback regarding the 55 year term goal and Habitat's 30 year term.

Jennifer Simmons of Habitat stated that Habitat would be happy to implement a longer affordability term if desired by the City.

Chair Grossman asked if MidPen is proposing to provide VTA EcoPasses to their tenants, considering that their property is on El Camino Real.

Adhi Nagraj of MidPen commented that MidPen would consider providing Eco Passes.

5. ORAL COMMUNICATIONS FROM THE PUBLIC

Adhi Nagraj of MidPen stated that the MidPen project is also eligible for Stanford Funds and will be submitting a revised budget. MidPen is in constant communication with the sellers and has been told its offer is very competitive. MidPen is confident that a purchase option will be executed soon.

Chris Weaver of Habitat stated that if the 106 year old house is determined to not have historic significance, an EIR would not be required and the project could move forward without any delays. She provided handouts that show what the Habitat mortgage amounts are and noted that the mortgage payments are in some cases lower than the rents for the studio units. If the house is determined to be historic, another option would be for Habitat to partner with another agency to rehabilitate the rental units and maintain the house as rental housing. Habitat could then develop the ownership units on the property.

Vera Sokolova, a long-time Mountain View resident commented that the First Community Housing project is very much needed and she has a developmentally delayed daughter who is working and would love to live near her parents in that type of housing.

6. COMMITTEE DISCUSSION

Vice Chair Matichak requested that the comparison table be expanded to include the following items: Project Schedule (applicant estimate and staff assessment),

cost based on number of tenants, number of parking spaces, density, City ownership of property, developer cost and percentage, and self scored tiebreaker for 9 percent tax credits.

Committee Members deliberated whether it would be helpful to meet on June 20th or wait until the June 27th meeting. There was concern that there was still a lot of information to be secured and they could spend time deliberating only to have the information change at the next meeting.

The Committee decided that it would be preferable to wait and have all the available information before deliberating. The Committee can then make their recommendations based on the best information available on the 27th. The Committee consensus was to cancel the June 20 meeting and schedule the next meeting for June 27th.

Chair Grossman inquired what kind of noticing would be required to cancel the June 20 meeting.

Senior Planner Garefalos noted that staff would update the information on the City's web site to note that the June 20 meeting was cancelled and the next meeting would be on June 27.

Motion – M/S VANNI/MATICHAK – Carried 4-0

Move to cancel the June 20 NOFA Committee meeting because all the information will not yet be available and schedule the next NOFA Committee meeting for June 27.

7. **ADJOURNMENT**

The meeting was adjourned at 7:41 p.m.